



Agenda Date: 06/15/11

Agenda Item: 2D

STATE OF NEW JERSEY

Board of Public Utilities

Two Gateway Center, Suite 801

Newark, NJ 07102

www.nj.gov/bpu/

ENERGY

IN THE MATTER OF THE VERIFIED PETITION)
OF ROCKLAND ELECTRIC COMPANY FOR)
APPROVAL OF AN ENERGY EFFICIENCY)
PROGRAM AND ASSOCIATED RATE)
RECOVERY – 2010 ANNUAL TRUE-UP)

DECISION AND ORDER APPROVING
STIPULATION

DOCKET NO. ET10090677

John L. Carley, Esq., Attorney for the Petitioner, Rockland Electric Company, 4 Irving Place, New York, NY 10003-0987

Diane Schulze, Assistant Deputy Rate Counsel, New Jersey Division of Rate Counsel (Stefanie A. Brand, Esq., Director), 31 Clinton St. 11th Floor, P O Box 46005, Newark, NJ 07101

BY THE BOARD:

By Order dated November 23, 2009 ("November 23 Order") in Docket Nos. EO09010056 and EO09010061, the New Jersey Board of Public Utilities ("Board") approved a stipulation establishing an Energy Efficiency Stimulus Program ("EE Program") with three energy efficiency components ("Sub-Programs") for Rockland Electric Company ("RECO" or "Company") to be implemented for a one-year period ending December 31, 2010. The total budget for EES Program expenditures approved by the Board was \$990,250, consisting of program investments of \$859,250 and operating and maintenance ("O&M") expenses of \$131,000. The costs of the Sub-Programs are recovered through a non-bypassable surcharge on all distribution customers ("RGGI Surcharge"), which was initially set at \$0.000167 per kWh, including SUT. The following constitute the Sub-Programs and the budgeted funding:

1. Low Income Audit and Install Sub-Program	\$770,000
2. Residential Enhanced Rebate Sub-Program	\$130,250
3. On-Line Energy Audit Sub-Program	<u>\$ 90,000</u>
Total EE Program Budget	\$990,250

On September 10, 2010, the Board received RECO's 2010 Regional Greenhouse Gas Initiative ("RGGI") Surcharge petition ("2010 Annual True-up") dated August 31, 2010, which sought to reconcile costs and recoveries for calendar year 2010, and to establish a revised RGGI Surcharge effective for the period January 1, 2011 through December 31, 2011. As directed by the Board in its Order dated February 17, 2010 in Docket No. EO08050326, the Company included in the 2010 Annual True-up the final reconciliation of the Demand Response Working Group ("DRWG Program") cost component rolled into the RGGI Surcharge. The Company proposed a RGGI Surcharge of \$0.000099 per kWh, including SUT, containing two components: (1) a surcharge of \$0.000148 per kWh, including SUT, related to the Company's estimate of the EE Program's revenue requirement for calendar year 2011; and (2) a reconciliation component credit of \$0.000049 per kWh, including SUT, due to an over-collection balance, including interest, of \$74,352 for the EE Program and the final under-collection amount of \$1,640 for the DRWG Program. The calculation of the under/over collection for the review period was based on actual revenue requirements and recoveries for January through July 2010, and estimates for August through December 2010.

Since the Company has under-spent its projected budget for each of the three Sub-Programs, and the Company anticipated continued customer interest in these Sub-Programs, on December 21, 2010, RECO filed a petition ("December 2010 Petition") in Docket No. EO10120987, requesting that the Board allow the Company to continue to offer the Sub-Programs throughout 2011 or until all budgeted funds have been expended, whichever occurs first. The December 2010 Petition did not propose to increase the Company's existing RGGI Surcharge or to modify the rate proposed in the 2010 Annual True-up. By Order dated March 30, 2011, the Board approved the extension of each of the three Sub-Programs until December 31, 2011 or until all budgeted funds for a Sub-Program have been expended, whichever occurs first.

The Company, the New Jersey Division of Rate Counsel ("Rate Counsel"), and Staff, (collectively, the "Signatory Parties"), have participated in rounds of discovery requests and responses relating to the 2010 Annual True-up. The Company updated its filing with actual data through December 31, 2010. The Signatory Parties agreed to submit the attached stipulation, executed on June 1, 2011, to the Board for its review and approval.

Stipulation

A summary of the key provisions of the stipulation follows:¹

1. The Company will implement a RGGI Surcharge credit of \$0.000047 per kWh, including SUT, to be effective with electric delivery service rendered by the Company on or after July 1, 2011 ("Revised RGGI Surcharge"). As set forth in Attachment 1 to this Stipulation, the Revised RGGI Surcharge contains two components: (1) a surcharge of \$0.000087 per kWh, including SUT, related to the Company's estimate of the EE Program's revenue requirement for calendar year 2011; and (2) a reconciliation component credit of \$0.000134 per kWh, including SUT, due to an over-collection balance of \$204,040, including interest, for the EE Program and an under-collection balance, including interest, of \$1,640 for the DRWG Program.
2. Due to the fact that the Company will cease offering the Sub-Programs to customers by no later than December 31, 2011, the Signatory Parties agree that no compression adjustment should be applied to the Revised RGGI Surcharge.² The Company will reconcile any over-or under-recovered balances in the 2011 Annual True-up filing.
3. The Signatory Parties agree that the proposed rates, as set forth in the tariff sheet in Attachment 2, attached hereto are just and reasonable, and RECO is authorized to implement the proposed rates on July 1, 2011 as set forth in the written Board Order approving this Stipulation.

Discussion and Findings

The Board has carefully reviewed the 2010 Annual True-up and stipulation in this matter. Accordingly, the Board HEREBY FINDS that the stipulation represents a fair and reasonable resolution of the issues and is in public interest. The Board HEREBY ADOPTS the attached stipulation as its own, incorporating by reference its terms and conditions as if fully set forth herein.

The Board recognizes that the impact of the RGGI Surcharge change on the average monthly bill of a typical residential customer using 925 kWh translates to approximately a 0.12% decrease on a monthly basis, or \$0.20 per month.

¹ Although described at some length in this Order, should there be any conflict between this summary and the Stipulation, the terms of the Stipulation control, subject to the findings and conclusion in this Order.

² Although the Company will cease offering the Sub-Programs no later than December 31, 2011, the EE Program component of the RGGI Surcharge will continue since the EE Program revenue requirements are recovered through amortization of the regulatory asset over 60 months. As indicated on page 12 in Attachment 1, the cumulative program spending for use in the calculation of the revenue requirement is estimated at \$549,546 by end of December 2011.

The Board HEREBY DIRECTS the Company to file a revised tariff sheet conforming to the tariff sheet in Attachment 2 to the stipulation, within ten (10) days of the service of this Order. The rates authorized herein, which remain subject to Board audit, shall be effective for service rendered on or after July 1, 2011.

DATED: 6/15/11

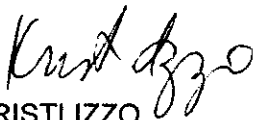
BOARD OF PUBLIC UTILITIES
BY:


LEE A. SOLOMON
PRESIDENT

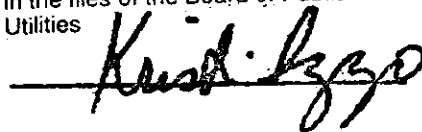

JEANNE M. FOX
COMMISSIONER


JOSEPH L. FIORDALISO
COMMISSIONER


NICHOLAS ASSELTA
COMMISSIONER

ATTEST: 
KRISTI IZZO
SECRETARY

I HEREBY CERTIFY that the within document is a true copy of the original in the files of the Board of Public Utilities



IN THE MATTER OF THE VERIFIED PETITION OF ROCKLAND ELECTRIC COMPANY FOR
APPROVAL OF AN ENERGY EFFICIENCY PROGRAM AND ASSOCIATED RATE
RECOVERY – 2010 ANNUAL TRUE-UP

BPU DOCKET NO. ET10090677

SERVICE LIST

BPU

Kristi Izzo, Secretary
Board of Public Utilities
Two Gateway Center
Suite 801
Newark, NJ 07102

Jerome May, Director
Division of Energy
Board of Public Utilities
Two Gateway Center
Suite 801
Newark, NJ 07102

Alice Bator
Division of Energy
Board of Public Utilities
Two Gateway Center
Suite 801
Newark, NJ 07102

Eloisa Flores
Division of Energy
Board of Public Utilities
Two Gateway Center
Suite 801
Newark, NJ 07102

DAG

Babette Tenzer, Esq.
Dept. of Law & Public Safety
Division of Law
124 Halsey Street, 5th Floor
P.O. Box 45029
Newark, NJ 07101

DAG

Rate Counsel

Stefanie A. Brand, Director
Division of Rate Counsel
31 Clinton Street, 11th Floor
P.O. Box 46005
Newark, NJ 07101

Paul Flanagan, Esq.
Division of Rate Counsel
31 Clinton Street, 11th Floor
P.O. Box 46005
Newark, NJ 07101

Felicia Thomas-Friel, Esq.
Division of Rate Counsel
31 Clinton Street, 11th Floor
P.O. Box 46005
Newark, NJ 07101

Diane Schulze, Esq.
Division of Rate Counsel
31 Clinton Street, 11th Floor
P.O. Box 46005
Newark, NJ 07101

Rockland Electric Company

Margaret Comes, Esq.
Rockland Electric Company
4 Irving Place
New York, NY 10003-0987

Rockland Electric Company

Caroline Vachier, Esq.
Dept. of Law & Public Safety
Division of Law
124 Halsey Street, 5th Floor
P.O. Box 45029
Newark, NJ 07101

Alex Moreau, Esq.
Dept. of Law & Public Safety
Division of Law
124 Halsey Street, 5th Floor
P.O. Box 45029
Newark, NJ 07101

John L. Carley, Esq.
Assistant General Counsel
Rockland Electric Company
4 Irving Place
New York, NY 10003-0987

William Atzl
Rockland Electric Company
4 Irving Place
New York, NY 10003-0987

Cheryl M. Ruggiero
Rockland Electric Company
4 Irving Place
New York, NY 10003-0987

**STATE OF NEW JERSEY
BOARD OF PUBLIC UTILITIES**

**I/M/O THE VERIFIED PETITION OF
ROCKLAND ELECTRIC COMPANY FOR
APPROVAL OF AN ENERGY
EFFICIENCY STIMULUS PROGRAM AND
ASSOCIATED RATE RECOVERY**

**BPU DOCKET NO. ET10090677

STIPULATION**

APPEARANCES:

Margaret Comes and John L. Carley, Attorneys for the Petitioner, Rockland Electric Company

Paul Flanagan and Felicia Thomas-Friel, Deputy Rate Counsel and **Diane Schulze**, Assistant Deputy Rate Counsel, Division of Rate Counsel (**Stefanie A. Brand**, Director)

Caroline Vachier and Alex Moreau, Deputy Attorneys General, for Staff of the New Jersey Board of Public Utilities (**Paula T. Dow**, Attorney General of New Jersey)

TO THE HONORABLE NEW JERSEY BOARD OF PUBLIC UTILITIES

It is hereby AGREED, as of the 1st day of June, 2011, by and among Rockland Electric Company ("RECO" or the "Company"), the Staff of the New Jersey Board of Public Utilities ("Staff"), and the Division of Rate Counsel ("Rate Counsel") (referred to collectively as the "Signatory Parties") to execute this Stipulation of Settlement ("Stipulation") for the recovery of costs relating to RECO's Energy Efficiency Stimulus Program ("EE Program").

The Signatory Parties do hereby join in recommending that the New Jersey Board of Public Utilities ("Board") issue a Final Decision and Order approving this Stipulation, including the attachments and the proposed amendments to RECO's electric service tariff as set forth herein.

BACKGROUND

1. On February 20, 2009, RECO filed a Petition ("Petition") in Docket Nos. EO09010056 and EO09010061, pursuant to the statutory requirements of the Regional Greenhouse Gas Initiative Act ("RGGI Act"), as codified in N.J.S.A. 48:3-98.1. RECO's Petition sought Board approval to implement a three-year EE Program and recover program costs and revenue requirements through the Company's RGGI Surcharge.

2. After extensive discovery, discussions and negotiations, RECO, Rate Counsel and Staff executed a Stipulation on November 19, 2009 ("November 2009 Stipulation") setting forth the three components of the one-year EE Program ("Sub-Programs") and associated cost recovery mechanism that RECO would implement. Detailed descriptions of the three Sub-Programs were set forth in Attachment 2 to the November 2009 Stipulation.

3. The November 2009 Stipulation provided that RECO will recover the net revenue requirements associated with the EE Program via a non-bypassable surcharge on all distribution customers ("RGGI Surcharge"). The RGGI Surcharge will be applicable to all rate schedules on an equal cents per kilowatt-hour basis for recovery of costs associated with the EE Program. The RGGI Surcharge will be subject to deferred accounting, with interest, and reconciled annually. The initial RGGI Surcharge was based on estimated EE Program revenue requirements from January 1, 2010 to December 31, 2010 and a forecast of the Company's kWh deliveries to customers during the twelve month period ending December 31, 2010. Thereafter, the RGGI Surcharge will be adjusted on an annual basis incorporating a true-up for any prior period over- or under-recoveries, an estimate of the revenue requirements for the upcoming year, and the forecasted kWh deliveries to customers during the upcoming year in which the revised RGGI Surcharge will be in effect.

4. The November 2009 Stipulation provided that the EE Program revenue requirements recovered through the RGGI Surcharge will be calculated to include a return on investment and a return of investment through amortization of the associated regulatory asset over 60 months or five years. The initial RGGI Surcharge calculation was based on the Weighted Average Cost of Capital ("WACC") used to set rates in the Company's 2007 rate case, BPU Docket No. ER06060483, which was 7.83%, (10.97% on a pre-tax basis) based upon a return on equity of 9.75%. The November 2009 Stipulation further provided that any change in the WACC authorized by the Board in a subsequent base rate case (including the Company's 2010 base rate case, BPU Docket No. ER09080668) will be reflected in the subsequent monthly revenue requirement and interest calculations. Any change in the revenue requirement resulting from the change in the WACC will not be included in the monthly interest calculation for over and under recoveries until the next scheduled annual true-up but in any event, no later than January 1 of the subsequent year.

5. The November 2009 Stipulation also provided that in calculating the monthly interest on net over- and under-recoveries, the interest rate shall be based upon the rate as determined by the Board in its Order dated October 21, 2008 in Docket No. ER08060455. As set forth in that Order, the interest rate shall be the interest rate based on two-year constant maturity Treasuries as published in the Federal Reserve Statistical Release on the first day of each month (or the closest day thereafter on which rates are published), plus 60 basis points, but shall not exceed RECO's pre-tax WACC as identified in Paragraph 4 above. The interest rate shall be reset each month using the methodology set forth in the November 2009 Stipulation.

6. By Decision and Order Approving Stipulation dated November 23, 2009 ("November 2009 Order") in Docket Nos. EO09010056 and EO09010061, the Board approved

the November 2009 Stipulation. The total budget for EE Program expenditures approved by the Board was \$990,250, consisting of program investments of \$859,250 and operating and maintenance expenses of \$131,000. The following constitute the Sub-Programs and the budgeted funding:

1. Low Income Audit and Install Sub-Program	\$770,000
2. Residential Enhanced Rebate Sub-Program	\$130,250
3. On-Line Energy Audit Sub-Program	<u>\$ 90,000</u>
Total EE Program Budget	\$990,250

7. The November 2009 Order initially set the RGGI Surcharge at \$0.000167 per kWh, including Sales and Use Tax ("SUT").

8. On August 31, 2010, RECO filed with the Board its 2010 RGGI surcharge petition ("2010 Annual True-up"), in Docket No. ET10090677 in order to reconcile costs and recoveries for calendar year 2010. As directed by the Board in its Order dated February 17, 2010, in Docket No. EO08050326, the Company included in the 2010 Annual True-up the final reconciliation of the Demand Response Working Group ("DRWG Program") component of the RGGI Surcharge. The Company proposed a RGGI Surcharge of \$0.000099 per kWh, including SUT, effective January 1, 2011 through December 31, 2011. The proposed RGGI Surcharge contained two components: (1) a surcharge of \$0.000148 per kWh, including SUT, related to the Company's estimate of the EE Program's revenue requirement for calendar year 2011; and (2) a reconciliation component credit of \$0.000049 per kWh, including SUT, due to an over-collection balance, including interest, of \$74,352 for the EE Program and an under-collection balance, including interest, of \$1,640 for the DRWG Program. Included in the calculation of the

under/over collection for the review period for the EE Program were actual revenue requirements and recoveries for January through July 2010 and estimates for August through December 2010.

9. While RECO has implemented each of these three Sub-Programs, the spending as of March 2011 was under-budget. Since there appeared to be continued customer interest in the Company implementing the three Sub-Programs, on December 21, 2010, the Company filed with the Board a petition ("December 2010 Petition") in Docket No. EO10120987, requesting that the Board allow the Company to continue to offer the Sub-Programs throughout 2011, or until all budgeted funds have been expended, whichever occurs first.

10. The December 2010 Petition did not propose to increase the Company's RGGI Surcharge or to modify the rate proposed in the 2010 Annual True-up.

11. After extensive discovery, discussions and negotiations, RECO, Rate Counsel and Staff executed a Stipulation on March 10, 2011 ("March 2011 Stipulation").

12. By Order dated March 30, 2011 ("March 2011 Order"), the Board approved the March 2011 Stipulation and thereby approved the extension of each of the three Sub-Programs until December 31, 2011 or until all budgeted funds for a Sub-Program have been expended, whichever occurs first.

13. During the period following the filing of the Company's 2010 Annual True-up until the execution of this Stipulation, the Signatory Parties participated in a number of settlement conferences and the Company responded to various discovery requests and updated its filing with actual data through December 31, 2010. The Signatory Parties agreed to submit this Stipulation to the Board for its review and approval, the terms of which are set forth herein. Specifically, the Signatory Parties hereby **STIPULATE AND AGREE** as follows:

STIPULATED MATTERS

A. RGGI Surcharge

14. The Signatory Parties agree that the Company will implement a RGGI Surcharge credit of \$0.000047 per kWh, including SUT, to be effective with electric delivery service rendered by the Company on or after July 1, 2011 ("Revised RGGI Surcharge"). As set forth in Attachment 1 to this Stipulation, the Revised RGGI Surcharge contains two components: (1) a surcharge of \$0.000087 per kWh, including SUT, related to the Company's estimate of the EE Program's revenue requirement for calendar year 2011; and (2) a reconciliation component credit of \$0.000134 per kWh, including SUT, due to an over-collection balance of \$204,040, including interest, for the EE Program and an under-collection balance, including interest, of \$1,640 for the DRWG Program. The calculation of the under-/over-collected balances for the review period for the EE Program is based on the actual revenue requirements and recoveries from January through December 2010.

15. Due to the fact that the Company will cease offering the Sub-Programs to customers by no later than December 31, 2011, the Signatory Parties agree that no compression adjustment should be applied to the Revised RGGI Surcharge.¹ Any over- or under-recovered balances collected through the RGGI Surcharge from January 2011 through December 2011, as well as the associated interest, will be reconciled in the 2011 Annual True-up filing of the Company.

¹ Although the Company will cease offering the Sub-Programs no later than December 31, 2011, the EE Program component of the RGGI Surcharge will continue since the EE Program revenue requirements are recovered through amortization of the regulatory asset over 60 months. As indicated on page 12 in Attachment 1, the cumulative program spending for use in the calculation of the revenue requirement is estimated at \$549,546 by end of December 2011.

16. The Signatory Parties request that the Board set the effective date of the Revised RGGI Surcharge to incorporate the revenue requirement provided for herein at July 1, 2011.

17. The Signatory Parties agree that the proposed rates, as set forth in the tariff sheet in Attachment 2, attached hereto are just and reasonable and RECO is authorized to implement the proposed rates on July 1, 2011 as set forth in the written Board Order approving this Stipulation, in accordance with N.J.S.A. 48:2-40.

B. Rate Impact

18. The RGGI Surcharge will be set at a credit of \$0.000047 per kWh, including SUT (\$0.000044 per kWh without SUT), as set forth in Attachment 1 which would be in effect until changed by the Board in its order regarding the 2011 Annual True-up filing of the Company. The RGGI Surcharge will result in a monthly rate decrease of \$0.20 or 0.12% for a typical residential customer using 925 kWh per month.

CONCLUSION

19. This Stipulation represents a mutual balancing of interests, contains interdependent provisions and, therefore, is intended to be accepted and approved in its entirety. In the event any particular aspect of this Stipulation is not accepted and approved in its entirety by the Board, any Party aggrieved thereby shall not be bound to proceed with this Stipulation and shall have the right to litigate all issues addressed herein to a conclusion. More particularly, in the event this Stipulation is not adopted in its entirety by the Board, in any applicable Order(s), then any Party hereto is free to pursue its then available legal

remedies with respect to all issues addressed in this Stipulation as though this Stipulation had not been signed.

20. It is the intent of the Signatory Parties that the provisions hereof be approved by the Board as being in the public interest. The Signatory Parties further agree that they consider the Stipulation to be binding on them for all purposes herein.

21. It is specifically understood and agreed that this Stipulation represents a negotiated agreement and has been made exclusively for the purpose of these proceedings. Except as expressly provided herein, the Company, Staff, or Rate Counsel shall not be deemed to have approved, agreed to, or consented to any principle or methodology underlying or supposed to underlie any agreement provided herein and, in total or by specific item. The Signatory Parties further agree that this Stipulation is in no way binding upon them and shall not be asserted in any other proceeding, except to enforce

the terms of this Stipulation.

WHEREFORE, the Signatory Parties hereto do respectfully submit this Stipulation and request that the Board issue an Order approving it in its entirety, in accordance with the terms hereof.

ROCKLAND ELECTRIC COMPANY
Petitioner

By

John L. Carley, Esq.
Attorney for Rockland Electric Company

Dated: June , 2011

DIVISION OF RATE COUNSEL
STEFANIE A. BRAND, DIRECTOR

By

Diane Schulze
Assistant Deputy Rate Counsel

Dated: June , 2011

STAFF OF THE NEW JERSEY BOARD OF PUBLIC UTILITIES

PAULA T. DOW
ATTORNEY GENERAL OF NEW JERSEY

By

Alex Moreau
Deputy Attorney General

Dated: June , 2011

the terms of this Stipulation.

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ROCKLAND ELECTRIC COMPANY
Petitioner

By John L. Carley
John L. Carley, Esq.
Attorney for Rockland Electric Company

Dated: June , 2011

DIVISION OF RATE COUNSEL
STEFANIE A. BRAND, DIRECTOR

By _____
Diane Schulze
Assistant Deputy Rate Counsel

Dated: June , 2011

STAFF OF THE NEW JERSEY BOARD OF PUBLIC UTILITIES

PAULA T. DOW
ATTORNEY GENERAL OF NEW JERSEY

By Alex Moreau
Alex Moreau
Deputy Attorney General

Dated: June / , 2011

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WHEREFORE, the Signatory Parties hereto do respectfully submit this Stipulation and request that the Board issue an Order approving it in its entirety, in accordance with the terms hereof.

ROCKLAND ELECTRIC COMPANY
Petitioner

By _____
John L. Carley, Esq.
Attorney for Rockland Electric Company

Dated: June , 2011

DIVISION OF RATE COUNSEL
STEFANIE A. BRAND, DIRECTOR

By *Diane Schulze*
Diane Schulze
Assistant Deputy Rate Counsel

Dated: June 1, 2011

STAFF OF THE NEW JERSEY BOARD OF PUBLIC UTILITIES

PAULA T. DOW
ATTORNEY GENERAL OF NEW JERSEY

By _____
Caroline Vachier
Deputy Attorney General

Dated: June , 2011

ROCKLAND ELECTRIC COMPANY

Determination of Regional Greenhouse Gas Initiative ("RGGI") Surcharge¹ to be Effective with Service Rendered on or after July 1, 2011

Reconciliation of EES Program Component of RGGI for the Period January 1, 2010 - December 31, 2010

EES Program Recoveries (January 1, 2010 - December 31, 2010)	\$251,273
EES Program Revenue Requirement	47,939
EES Program (Over)/Under Recovery Balance	(203,335)
Interest (Over)/Under Recovery Balance	<u>(705)</u>
Total EES Program (Over)/Under Recovery Balance for 12 ME 12/31/2010	(204,040)

Reconciliation of DRWG Program Component of RGGI for the Period May 1, 2009 - December 31, 2009

DRWG Program Recoveries (May 1, 2009 - December 31, 2009)	\$8,362
DRWG Program Costs	10,037
DRWG Program (Over)/Under Recovery Balance	1,674
Interest (Over)/Under Recovery Balance	<u>(34)</u>
Total DRWG Program (Over)/Under Recovery Balance for 12 ME 12/31/2009	1,640

Determination of RGGI Effective July 1, 2011

Projected Sales (kWh) 12 months ending December 31, 2011	1,615,797,000
\$ per kWh Reconciliation to be (Refunded)/Surcharged for EES/DRWG Programs	(\$0.000125)
Revenue Requirement for 12 Months Ending December 31, 2011	\$131,510
\$ per kWh Projected Spending to be (Refunded)/Surcharged	\$0.000081
<u>Proposed RGGI Excluding SUT (\$ per kWh)</u>	(\$0.000044)
Sales and Use Tax ("SUT")	1.07
<u>Proposed RGGI Including SUT (\$ per kWh)</u>	(\$0.000047)

Notes: ¹ RGGI Surcharge currently includes two components: costs related to the Company's Demand Response Working Group Modified Program ("DRWG Program") and the Company's Energy Efficiency Stimulus Program ("EES Program") as detailed on Leaf No. 58 of the RECO Schedule for Electric Service - B.P.U. No. 3 - Electricity.

ROCKLAND ELECTRIC COMPANY

**Determination of Regional Greenhouse Gas Initiative ("RGGI") Surcharge to be Effective with
Service Rendered on or after July 1, 2011**

<u>RGGI Surcharge Components</u>	<u>Rate Incl. RA; Excl. SUT (\$/kWh)</u>	<u>Rate incl. RA & SUT (\$/kWh)</u>
EES/DRWG Program Reconciliation Adjustment ("RA")	(0.0125)	(0.0134)
EES Program	<u>0.0081</u>	<u>0.0087</u>
Total	(0.0044)	(0.0047)

ROCKLAND ELECTRIC COMPANY

Calculation of Over/Under Recovery Associated with DRWG Program Component of RGGI Surcharge

	May-09	Jun-09	Jul-09	Aug-09	Sep-09	Oct-09	Nov-09	Dec-09	Jan-10	Feb-10	Mar-10	Apr-10	May-10	Jun-10
RECO	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual
Actual RGGI Recoveries	\$658	\$1,555	\$1,723	\$1,922	\$1,750	\$777	(\$25)	\$3	\$0	\$0	\$0	\$0	\$0	\$0
Premium Payments Sent	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2,735	\$7,302	\$0	\$0	\$0
Interest - (Over)/Under Recovery	\$0	(\$2)	(\$3)	(\$5)	(\$6)	(\$6)	(\$6)	(\$5)	(\$7)	(\$4)	\$1	\$1	\$1	\$1
Total Program Costs + Interest	\$0	(\$2)	(\$3)	(\$5)	(\$6)	(\$6)	(\$6)	(\$5)	(\$7)	\$2,731	\$7,303	\$1	\$1	\$1
(Over)/Under Recovery	(\$658)	(\$1,557)	(\$1,726)	(\$1,927)	(\$1,756)	(\$783)	\$19	(\$8)	(\$7)	\$2,731	\$7,303	\$1	\$1	\$1
Interest Rate (%) ¹	1.52%	1.57%	1.65%	1.78%	1.52%	1.47%	1.52%	1.27%	1.69%	1.46%	1.40%	1.65%	1.60%	1.38%

	Jan-10	Feb-10	Mar-10	Apr-10	May-10	Jun-10	Jul-10	Aug-10	Sep-10	Oct-10	Nov-10	Dec-10	Total
	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	
Actual RGGI Recoveries	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$8,362
Premium Payments Sent	\$0	\$2,735	\$7,302	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$10,037
Interest - (Over)/Under Recovery	(\$7)	(\$4)	\$1	\$1	\$1	\$1	\$1	\$1	\$1	\$1	\$1	\$1	(\$34)
Total Program Costs + Interest	(\$7)	\$2,731	\$7,303	\$1	\$1	\$1	\$1	\$1	\$1	\$1	\$1	\$1	\$10,003
(Over)/Under Recovery	(\$7)	\$2,731	\$7,303	\$1	\$1	\$1	\$1	\$1	\$1	\$1	\$1	\$1	\$1,640
Interest Rate (%) ¹	1.69%	1.46%	1.40%	1.65%	1.60%	1.38%	1.23%	1.16%	1.10%	1.02%	0.94%	1.13%	

Notes: ¹ Federal Reserve Board US Treasury Securities at two year constant maturity plus 60 basis points.
Interest calculated on a net-of-tax basis.

ROCKLAND ELECTRIC COMPANY

Calculation of Over/Under Recovery Associated with EES Program Component of RGGI Surcharge

	Jan-10	Feb-10	Mar-10	Apr-10	May-10	Jun-10	Jul-10	Aug-10	Sep-10	Oct-10	Nov-10	Dec-10	Total
1. Determination of (Over)/Under Recovered Balance													
Revenue Requirement @ WACC = 8.21%	\$0	\$0	\$426	\$1,345	\$6,714	\$1,509	\$14,670	-\$1,537	\$5,709	\$20,113	-\$10,829	\$9,819	\$47,939
Monthly Recoveries	(10,394)	(20,220)	(18,837)	(18,310)	(19,547)	(22,964)	(28,019)	(27,515)	(24,290)	(20,454)	(19,918)	(20,806)	(\$251,273)
(Over)/Under Recovery	<u>(\$10,394)</u>	<u>(\$20,220)</u>	<u>(\$18,411)</u>	<u>(\$16,965)</u>	<u>(\$12,832)</u>	<u>(\$21,455)</u>	<u>(\$13,349)</u>	<u>(\$29,052)</u>	<u>(\$18,582)</u>	<u>(\$341)</u>	<u>(\$30,747)</u>	<u>(\$10,988)</u>	<u>(\$203,335)</u>
2. Determination of Interest													
Revenue Requirement @ WACC = 7.83%	\$0	\$0	\$426	\$1,345	\$6,714	\$1,508	\$14,669	(\$1,543)	\$5,700	\$20,103	(\$10,858)	\$9,763	\$47,827
Monthly Recoveries	(10,394)	(20,220)	(18,837)	(18,310)	(19,547)	(22,964)	(28,019)	(27,515)	(24,290)	(20,454)	(19,918)	(20,806)	(251,273)
(Over)/Under Recovery	<u>(\$10,394)</u>	<u>(\$20,220)</u>	<u>(\$18,411)</u>	<u>(\$16,965)</u>	<u>(\$12,832)</u>	<u>(\$21,456)</u>	<u>(\$13,350)</u>	<u>(\$29,058)</u>	<u>(\$18,590)</u>	<u>(\$350)</u>	<u>(\$30,776)</u>	<u>(\$11,043)</u>	<u>(\$203,446)</u>
Beginning Balance - (Over)/Under Recovery	\$0	(\$10,394)	(\$30,614)	(\$49,025)	(\$65,991)	(\$78,823)	(\$100,279)	(\$113,629)	(\$142,687)	(\$161,277)	(\$161,627)	(\$192,403)	(\$192,403)
Ending Balance (Over)/Under Recovery	<u>(\$10,394)</u>	<u>(\$30,614)</u>	<u>(\$49,025)</u>	<u>(\$65,991)</u>	<u>(\$78,823)</u>	<u>(\$100,279)</u>	<u>(\$113,629)</u>	<u>(\$142,687)</u>	<u>(\$161,277)</u>	<u>(\$161,627)</u>	<u>(\$192,403)</u>	<u>(\$203,446)</u>	<u>(\$203,446)</u>
Average Balance (Over)/Under	(\$5,197)	(\$20,504)	(\$39,820)	(\$57,508)	(\$72,407)	(\$89,551)	(\$106,954)	(\$128,158)	(\$151,982)	(\$181,452)	(\$177,015)	(\$197,925)	(\$197,925)
Average Balance (Over)/Under - Net of Tax	(\$3,074)	(\$12,128)	(\$23,553)	(\$34,016)	(\$42,829)	(\$52,969)	(\$63,263)	(\$75,805)	(\$89,897)	(\$95,499)	(\$104,705)	(\$117,072)	(\$117,072)
Interest Rate (Annual)	1.69%	1.46%	1.40%	1.65%	1.60%	1.38%	1.23%	1.16%	1.10%	1.02%	0.94%	1.13%	1.13%
Interest Rate (Monthly)	0.14%	0.12%	0.12%	0.14%	0.13%	0.12%	0.10%	0.10%	0.09%	0.09%	0.08%	0.09%	0.09%
Interest (To Customer) /To Company	(\$4)	(\$15)	(\$27)	(\$47)	(\$57)	(\$61)	(\$65)	(\$73)	(\$82)	(\$81)	(\$82)	(\$110)	<u>(\$705)</u>
Total (Over)/Under Collection Including Interest													<u>(\$204,040)</u>

ROCKLAND ELECTRIC COMPANY

Monthly Actual Revenue Summary by SC of the EES Program Component of the RGGI Surcharge

<u>SC No.</u>	<u>Jan-10</u>	<u>Feb-10</u>	<u>Mar-10</u>	<u>Apr-10</u>	<u>May-10</u>	<u>Jun-10</u>	<u>Jul-10</u>	<u>Aug-10</u>	<u>Sep-10</u>	<u>Oct-10</u>	<u>Nov-10</u>	<u>Dec-10</u>	<u>Total</u>
1	\$5,174.01	\$9,084.48	\$8,318.02	\$7,800.73	\$8,530.50	\$11,625.45	\$15,746.24	\$15,519.07	\$12,562.08	\$9,209.59	\$8,240.97	\$9,498.98	\$121,310.12
2	3,203.76	8,905.75	8,553.63	8,543.83	8,800.42	9,412.59	10,464.57	10,447.60	10,192.46	9,106.14	8,502.62	9,077.59	105,210.96
3	2.82	4.64	3.58	3.08	3.24	3.53	4.88	4.51	3.39	2.64	2.89	3.93	43.13
4	106.51	102.39	110.61	83.46	75.86	67.14	71.73	77.56	87.67	99.94	106.36	115.17	1,104.40
5	159.02	301.57	241.98	181.73	179.49	206.67	268.62	282.11	233.87	199.28	196.30	269.58	2,720.22
6	38.23	78.03	71.62	74.26	73.92	64.84	68.23	66.46	74.87	86.32	96.22	92.11	885.11
7	<u>2,437.34</u>	<u>3,158.95</u>	<u>2,855.68</u>	<u>2,905.13</u>	<u>3,251.34</u>	<u>3,190.99</u>	<u>3,355.74</u>	<u>3,044.07</u>	<u>2,836.30</u>	<u>3,181.42</u>	<u>4,166.63</u>	<u>3,204.95</u>	<u>37,588.54</u>
Total	\$11,121.69	\$21,635.81	\$20,155.12	\$19,592.22	\$20,914.77	\$24,571.21	\$29,980.01	\$29,441.38	\$25,990.64	\$21,885.33	\$21,311.99	\$22,262.31	\$268,862.48
Total Excluding SLT	\$10,394.10	\$20,220.38	\$18,836.56	\$18,310.49	\$19,546.51	\$22,963.75	\$28,018.70	\$27,515.31	\$24,290.32	\$20,453.58	\$19,917.75	\$20,805.90	\$251,273.35

ROCKLAND ELECTRIC COMPANY

**EES Program Component of RGGI Surcharge
Basic Assumptions**

	<u>Prior to 5/2010</u>	<u>After 5/2010</u>
Amortization Period	60 Months	60 Months
Equity Ratio	46.51%	49.85%
Return on Equity	9.75%	10.30%
Equity Component	4.53%	5.13%
After-Tax WACC	7.83%	8.21%
Effective Tax Rate	40.92%	40.92%
Interest Expense	3.29%	3.07%

ROCKLAND ELECTRIC COMPANY

**EES PROGRAM COMPONENT OF RGGI SURCHARGE
PROGRAM SPENDING**

	<u>Jan-10</u> <u>Actual</u>	<u>Feb-10</u> <u>Actual</u>	<u>Mar-10</u> <u>Actual</u>	<u>Apr-10</u> <u>Actual</u>	<u>May-10</u> <u>Actual</u>	<u>Jun-10</u> <u>Actual</u>	<u>Jul-10</u> <u>Actual</u>	<u>Aug-10</u> <u>Actual</u>	<u>Sep-10</u> <u>Actual</u>	<u>Oct-10</u> <u>Actual</u>	<u>Nov-10</u> <u>Actual</u>	<u>Dec-10</u> <u>Actual</u>	<u>Total</u>
<u>Program Implementation Spending</u>													
USF Low Income Direct Install	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$8,250	\$0	\$0	\$0	\$13,750	\$22,000
Enhanced HVAC Rebates	0	0	417	738	477	813	686	788	428	622	342	469	5,780
Personal Energy Profile - On line	0	0	0	0	0	0	0	0	0	0	27,950	7,050	35,000
<u>Program Incentive (Customer)</u>													
USF Low Income Direct Install	0	0	0	0	0	0	0	0	1,642	0	20,414	44,554	66,610
Enhanced HVAC Rebates	0	0	0	0	0	750	0	2,250	5,250	2,250	2,250	6,750	19,500
Personal Energy Profile - On line	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Program Spending	0	0	417	738	477	1,563	686	11,288	7,320	2,872	50,966	72,574	148,889
<u>O&M Spending</u>													
<u>Administration</u>													
USF Low Income Direct Install	\$0	\$0	\$0	\$521	\$4,232	\$583	\$772	\$965	\$914	\$20,772	(\$13,843)	\$3,199	\$18,115
Enhanced HVAC Rebates	0	0	417	799	2,446	855	756	788	428	644	1,314	1,441	9,887
Personal Energy Profile - On line	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	0	0	417	1,320	6,678	1,438	1,529	1,753	1,342	21,415	(12,529)	4,640	28,002
<u>Marketing</u>													
USF Low Income Direct Install	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$31	\$136	\$0	\$0	\$0	\$168
Enhanced HVAC Rebates	0	0	0	0	0	0	13,055	(3,660)	3,730	(1,865)	0	1,865	13,126
Personal Energy Profile - On line	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	0	0	0	0	0	0	13,055	(3,628)	3,866	(1,865)	0	1,865	13,293
<u>Evaluation</u>													
USF Low Income Direct Install	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Enhanced HVAC Rebates	0	0	0	0	0	0	0	0	0	0	0	0	0
Personal Energy Profile - On line	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	0	0	0	0	0	0	0	0	0	0	0	0	0
<u>Total O&M</u>													
USF Low Income Direct Install	\$0	\$0	\$0	\$521	\$4,232	\$583	\$772	\$997	\$1,050	\$20,772	(\$13,843)	\$3,199	\$18,283
Enhanced HVAC Rebates	0	0	417	799	2,446	855	13,812	(2,872)	4,158	(1,222)	1,314	3,306	23,013
Personal Energy Profile - On line	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	0	0	417	1,320	6,678	1,438	14,584	(1,875)	5,208	19,550	(12,529)	6,505	41,296
<u>Total Spending</u>													
USF Low Income Direct Install	\$0	\$0	\$0	\$521	\$4,232	\$583	\$772	\$9,247	\$2,691	\$20,772	\$6,571	\$61,503	\$106,892
Enhanced HVAC Rebates	0	0	833	1,537	2,923	2,417	14,498	166	9,837	1,651	3,906	10,525	48,293
Personal Energy Profile - On line	0	0	0	0	0	0	0	0	0	0	27,950	7,050	35,000
Total	0	0	833	2,058	7,155	3,000	15,270	9,413	12,528	22,422	38,427	79,078	190,185

Case ER06060483

**Rockland Electric Company
Electric Service
Settlement Agreement
Consolidated Capital Structure
For Twelve Months Ending December 31, 2006
(000's)**

	Amount (\$000's)	Ratio	Cost Rate	Weighted Average Ratio	Weighted Average Ratio
Long Term Debt	\$ 396,168	49.19%	6.26%	3.08%	3.08%
Short Term Debt	34,651	4.30%	5.00%	0.22%	0.22%
Common Equity	374,608	46.51%	9.75%	4.53%	7.68%
Total	\$ 805,427	100%		7.83%	10.97%

Case ER09080668

**Rockland Electric Company
Electric Service
Settlement Agreement
Consolidated Capital Structure
For Twelve Months Ending December 31, 2009
(000's)**

	Amount (\$000's)	Ratio	Cost Rate	Weighted Average Ratio	Weighted Average Ratio
Long Term Debt	\$ 521,503	49.76%	6.16%	3.07%	3.07%
Short Term Debt	4,044	0.39%	1.50%	0.01%	0.01%
Common Equity	522,465	49.85%	10.30%	5.13%	8.69%
Total	\$ 1,048,012	100%		8.21%	11.76%

ROCKLAND ELECTRIC COMPANY

**EES Program Component of RGGI Surcharge
Revenue Requirement For Use in Calculation of (Over)/Under Collection**

	<u>Jan-10</u>	<u>Feb-10</u>	<u>Mar-10</u>	<u>Apr-10</u>	<u>May-10</u>	<u>Jun-10</u>	<u>Jul-10</u>	<u>Aug-10</u>	<u>Sep-10</u>	<u>Oct-10</u>	<u>Nov-10</u>	<u>Dec-10</u>
	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>
1. Program Spending	0	0	417	738	477	1,563	686	11,288	7,320	2,872	50,956	72,574
2. Cumulative Spending	0	0	417	1,154	1,632	3,194	3,880	15,168	22,488	25,360	76,316	148,889
3.												
4.												
5. Gross Expenditures	0	0	417	1,154	1,632	3,194	3,880	15,168	22,488	25,360	76,316	148,889
6. Accumulated Amortization	<u>0</u>	<u>0</u>	<u>7</u>	<u>26</u>	<u>53</u>	<u>107</u>	<u>171</u>	<u>424</u>	<u>799</u>	<u>1,222</u>	<u>2,493</u>	<u>4,975</u>
7. Net Expenditures	0	0	410	1,128	1,578	3,087	3,709	14,744	21,689	24,139	73,822	143,914
8. Accumulated Deferred Tax	<u>0</u>	<u>0</u>	<u>168</u>	<u>462</u>	<u>646</u>	<u>1,263</u>	<u>1,518</u>	<u>6,033</u>	<u>8,875</u>	<u>9,878</u>	<u>30,208</u>	<u>58,890</u>
9. Under/(Over) Recovery Balance	0	0	242	667	932	1,824	2,191	8,711	12,814	14,261	43,614	85,025
10.												
11. Return Requirement	0	0	2	4	6	12	15	60	88	98	298	581
12. Equity Portion	0	0	1	3	4	8	9	37	55	61	187	364
13.												
14.												
15. Revenue	0	0	9	25	36	71	86	338	500	562	1,699	3,315
16.												
17. Expenses:												
18. Amortization	0	0	7	19	27	53	65	253	375	423	1,272	2,481
19. Administrative Costs												
20. Interest Expense	0	0	1	2	3	5	6	22	33	36	112	218
21. Deferred Expenses	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
22. Taxable Income	0	0	2	4	6	13	16	63	93	103	316	616
23. Federal and State Taxes	<u>0</u>	<u>0</u>	<u>1</u>	<u>2</u>	<u>2</u>	<u>5</u>	<u>6</u>	<u>26</u>	<u>38</u>	<u>42</u>	<u>129</u>	<u>252</u>
24. Net Income	0	0	1	3	4	8	9	37	55	61	187	364
25.												
26.												
27. Deferred Cost Recovery (from 15 above)	0	0	9	25	36	71	86	338	500	562	1,699	3,315
28. O&M	<u>0</u>	<u>0</u>	<u>417</u>	<u>1,320</u>	<u>6,678</u>	<u>1,438</u>	<u>14,584</u>	<u>(1,875)</u>	<u>5,208</u>	<u>19,550</u>	<u>(12,529)</u>	<u>6,505</u>
29. Total Revenue Requirement	0	0	426	1,345	6,714	1,509	14,670	(1,537)	5,709	20,113	(10,829)	9,819
										12 Month Total		47,939

DRAFT

GENERAL INFORMATION

No. 34 REGIONAL GREENHOUSE GAS INITIATIVE ("RGGI") SURCHARGE

The RGGI Surcharge shall be applied to the kWh usage on the bills of all customers served under this Schedule. The RGGI Surcharge shall include the costs related to the Company's:

- (a) Demand Response Working Group Modified Program ("DRWG Program"); and
- (b) Energy Efficiency Stimulus Program ("EES Program").

The RGGI Surcharge to be effective on and after the date indicated below shall be set at (0.0047) cents per kWh, including sales and use tax ("SUT"). The RGGI Surcharge includes the following rate components:

	RGGI Surcharge Rate Components (Cents per kWh)	
	Excluding SUT	Including SUT
EES Program	0.0081	0.0087
EES/DRWG Reconciliation	(0.0125)	(0.0134)
Total RGGI Surcharge	(0.0044)	(0.0047)

(1) DRWG Program

The DRWG Program component of the RGGI Surcharge was in effect from June 1, 2009 through September 30, 2009. The difference between the actual monthly costs associated with the DRWG Program and actual recoveries through the DRWG Program component of the RGGI Surcharge has been deferred, with interest, for future recovery through the RGGI Surcharge.

(2) EES Program

The EES Program component of the RGGI Surcharge will be subject to deferred accounting, with interest, and reconciled annually by comparing the actual amounts subject to recovery to the actual amounts collected. Any difference will be included in the EES Program component of the following year's RGGI Surcharge. The difference between the actual monthly revenue requirement associated with the EES Program and actual recoveries through the EES Program component of the RGGI Surcharge will be deferred, with interest, for future recovery.

On September 1 of each year, the Company shall file with the Board the EES Program component of the RGGI Surcharge to be effective for the twelve-month period commencing the following January 1. The EES Program component of the RGGI Surcharge shall be set to recover any prior period over- or under-recovered balances, including interest, and to provide current recovery of the forecasted EES Program revenue requirement over the twelve-month period commencing the following January 1.

Interest will be included in the deferred balance for both an over-collection and for an under-collection for both the DRWG and EES Program components of the RGGI Surcharge and will be calculated as determined by the Board in its Order dated October 21, 2008 in Docket Number ER08060455.

ISSUED:

EFFECTIVE:

ISSUED BY: William Longhi, President
Saddle River, New Jersey 07458